



September 10, 2002

Accounting Policy Memorandum – APM-OAIC-02-01

MEMORANDUM FOR BUREAU CHIEF FINANCIAL OFFICERS
DEPUTY CHIEF FINANCIAL OFFICERS

FROM: James Lingeback /signed/
Director
Office of Accounting and Internal Control

SUBJECT: Intra-Departmental Transaction Policy Guidance

The Department's **final Fiscal Year (FY) 2002** accounting policy guidance entitled “*Departmental Guidelines for Reconciling and Reporting Intra-Departmental Transactions*” is attached. Please use this guidance for the reconciliation and submission of elimination data for the FY 2002 Department-wide consolidated financial statements. These guidelines replace all previous intra-Departmental transaction instructions issued by the Office of Accounting and Internal Control.

If you have any questions or wish to discuss these matters, please contact Dan Waugh (202) 622-0936 or Joe McAndrew (202) 622-0807.

Attachment

cc: William Pugh

Department of the Treasury

**Departmental Guidelines for Reconciling and Reporting
Intra-Departmental Transactions**

September 2002 Revision

**Prepared by the Office of the Deputy Chief Financial Officer,
Office of Accounting and Internal Control
September 2002**

Background

This updated guidance replaces the accounting policy guidelines for reconciling and reporting intra-Departmental transactions that the Department last issued in September 2001. The purpose of this guidance is to facilitate elimination of intra-Departmental balances during the preparation of the **Departmentwide consolidated financial statements (DCFS)** required by *Form and Content of Agency Financial Statements* (Form and Content), issued by the Office of Management and Budget (OMB), and Statements of Federal Financial Accounting Standards (SFFAS). OMB issued Form and Content guidance on September 25, 2001. This updated guidance includes a new consolidation requirement for Fiscal Year (FY) 2002. The Statement of Financing must be presented on a consolidated basis.

Each Treasury component entity must advise other component entities of the standard general ledger (SGL) balances in their accounting records resulting from intra-Departmental transactions.

This notification process will be accomplished through FY 2002 Treasury Information Executive Repository (TIER) submissions. SGL balance pairings must be compared and reconciled. The reconciliation of differences must be performed in accordance with **Departmental timeframes** referenced in this document (**Exhibit B.**) These timeframes have been accelerated to issue the FY 2002 Performance and Accountability Report by November 15. Elimination entries will be prepared for the DCFS using reconciled final TIER Period 14 SGL balances. Accordingly, information in the TIER Period 14 Transactions by Elimination Pairs (TEP) Report must accurately reflect the SGL balances resulting from the year-end reconciliation. A discussion of TEP reports and the reconciliation of Departmental elimination balances are provided in the **Methodology and Key Reconciliation Requirements/Instructions** sections of this guidance.

Applicability

The intra-Departmental reconciliation and reporting guidelines apply to five SGL account groups. They include Assets (1000 Series), Liabilities (2000 Series), Revenues (5000 Series), Expenses (6000 Series), and Gains, Losses, etc. (7000 Series). The Office of Accounting and Internal Control should be contacted for specific guidance regarding any transactions in the 7000 series (gains/losses/extraordinary items/prior period adjustments, etc.) that are not related to investment/loan activity with the Bureau of Public Debt. It is expected that there will be minimal activity in the 7000 series. These SGL accounts cover the total universe of elimination entries for the FY 2002 DCFS.

SGL account numbers are referenced because line items in the financial statements are crosswalked to SGL accounts. In addition, compliance with SGL requirements has been mandatory since 1987.

This guidance also incorporates the requirements for reconciliations and eliminations related to the **Governmentwide** consolidated financial statements. The Financial Management Service (FMS - Financial Reports Division – FACTS 1) issued a “Final Guide” for FY 2001 reporting and thereafter on September 28, 2001 entitled the “Federal Intragovernmental Transactions Accounting Policies Guide.”

This guidance addresses intra-governmental transactions related to asset, liability, cost and revenue accounts. A copy of this publication is currently available at <http://www.fms.treas.gov/cfs/dev/index.html>. The publication focuses on policy guidance rather than specified requirements. It provides general reconciliation procedures and specific guidance with regard to certain balances with the Department of Labor, Office of Personnel Management and the Bureau of Public Debt. **The Department expects that FMS will issue FY 2002 revisions to their guidance.**

Intra-governmental Reconciliation

OMB Form and Content guidance (September 25, 2001 – Required Supplementary Information) includes the requirement that reporting entities and trading partners reconcile certain intra-governmental assets, liabilities and revenue on a quarterly basis. This requirement will be in effect for FY 2003.

Please note that OMB's requirement only applies to consolidated agency-wide financial statements. Accordingly, bureaus are asked to perform quarterly intra-governmental transaction reconciliations and submit reconciled data to TIER. Reconciled intra-governmental transactions will subsequently be included in the CFO financial statement certification.

The Department is scheduled to provide OMB first quarter FY 2003 financial statements on February 15th, second quarter statements on May 15th and third quarter statements on August 15th. Therefore, it is important that reconciled intra-governmental transaction data be input to TIER by January 29, 2003 (first quarter statements), April 29, 2003 (second quarter statements) and July 29, 2003 (third quarter statements). OMB Bulletin 01-09 provides specific guidance regarding intra-governmental transaction reconciliation. This information is available at the following website address:

<http://www.whitehouse.gov/omb/bulletins/b01-09.html>

FMS established the Intra-Governmental Fiduciary Transactions Confirmation System (IFTCS) for FY 2001 reporting and thereafter. This system is an Internet based application that replaces the manual confirmations. It is the official confirmation system for Federal departments and agencies that engage in fiduciary intragovernmental transactions with BPD, FFB, OPM & DOL. The Office of Accounting and Internal Control will enter all confirmations (DOL, OPM, BPD, etc.) for the Department based on SGL balances that bureaus enter into and confirm in TIER. **However, the Department will need bureaus to provide a breakdown of the balances by Retirement, Health Insurance, and Life Insurance for the OPM reconciliation. An attachment is provided on the Departmental confirmation with regard to the DOL and OPM balances (Exhibit D - Attachment).** If individuals at your bureau would like to have "READ ONLY" access to this system please contact Joe McAndrew, Contact Administrator for Treasury (Joseph.McAndrew@do.treas.gov).

Please note that the Departmental confirmation submission date is October 25, 2002. It is extremely important that the Department properly record balances related to these transactions in the correct SGL accounts for FY 2002. In prior years, we have noted **deviations**

from the SGLs listed in the guidance for DOL and OPM. Please ensure that your bureau is recording these transactions in **strict compliance with the FMS guidance**. Specifically note that **SGL Account 6850** – Employer Contributions to Employee Benefit Programs Not Requiring Current-Year Budget Authority (Unobligated) should be used, as applicable, in conjunction with FECA transactions **instead of previously used SGL Account 6800**.

Federal entities are required to identify inter-entity transactions for the FACTS I transmission (ref. Volume I, Treasury Financial Manual 2-4000 - Federal Agencies Centralized Trial-Balance System – FACTS I). Treasury entities are expected to comply with the Governmentwide guidance. AIC will provide assistance in facilitating and coordinating reconciliations with other Federal agencies. However, because records reside at the Treasury reporting entity level, it is incumbent upon each entity to individually comply with the Governmentwide guidance. **There is some overlap between the Governmentwide guidance and the Departmental requirements related to intra-Treasury balances. It is addressed later in this document.**

It is critical that “F” balances reported in TIER Period 14 final submissions match confirmations. The balances displayed on the TIER Period 14 Federal Agency Eliminations Report (FAER) must be identical to the confirmations.

Definition of Terms

The following definitions shall apply within the context of this document. These terms, as defined, are consistent with the Federal Accounting Standards Advisory Board's recommended explanations.

Accounts Receivable -- Amounts due from others when the right to receive funds accrues, which may result from the performance of services or the delivery of goods.

Accounts Payable -- Amounts owed to another Federal or non-Federal entity for goods and other property ordered and received, progress in contract performance, and for services rendered by other than employees.

Advance -- Advance payments for the cost of goods and services the entity acquires.

Prepayment -- A payment made by a bureau entity to cover certain periodic expenses before those expenses are incurred (usually differentiated from advances by their recurring nature - e.g. rent).

Exchange Revenue -- An inflow of resources that the entity has earned. Exchange revenue earned from other Treasury suborganizations is subject to elimination for the consolidated Statement of Net Cost.

Expense -- An outflow or other using up of assets or the incurrence of liabilities (or a combination of both) during a period of providing goods, rendering services, or carrying out activities

related to an entity program and mission, the benefits from which do not extend beyond the present operating period.

Reporting Entity -- The basic unit upon which accounting and/or financial activities are reported. It is usually distinguished from a larger more inclusive economic unit (e.g., a bureau vs the Department, the Department vs the Federal Government).

Intra-Entity -- A term meaning within a reporting entity. In the context of eliminations for the consolidated Departmentwide financial statements (intra-Departmental), it refers to activities or transactions within the Department.

Reconciliation -- An accounting verification or audit process that identifies differences in two or more balances, determines which balance is correct and reflects necessary adjustments.

Fiscal Year-End Cutoff Date – Three business days after September 30 (**October 3**). The purpose of the cutoff date is to provide for period consistency in the recording of intra-Departmental transactions (i.e. recording intra-Departmental transactions in the same period). For example, if a providing entity has not billed a recipient entity, as of the cutoff date, for revenue which it has earned prior to September 30, the revenue will be recognized as earned after September 30 (**see exceptions under section titled “Cutoff Dates.”**)

The cutoff date for the June 30 dry run reconciliation is **July 3**. The July 3 cutoff date is not defined the same as the fiscal year-end cutoff date (**see section titled “Cutoff Dates.”**)

Cutoff Errors -- Errors which result from not recording transactions in accordance with the cutoff date.

Accelerated Reporting

The Department plans to issue the FY 2002 Performance and Accountability Report on November 15th. This accelerated timeline will require Treasury entities to effectively reconcile year-end elimination data. The Departmental Performance and Accountability Report timeline requires that bureaus reconcile and certify intra-Departmental and Government-wide eliminations by October 25, 2002.

Several FY 2002 elimination enhancements will help to ensure that the accelerated completion date is successfully met. The Departmental Offices is reengineering the Working Capital Fund (WCF) billing procedure to improve accountability and timeliness. As a result, the fourth quarter WCF billing statement, including advance information, will be available to bureaus by October 10, 2002. The billing information will be significantly expanded to present a comprehensive summary of program status (beginning balance, first, second, third and fourth quarter billings, total billings to date and the ending balance). Also, all Departmental elimination reports were recoded in FY 2002 and subsequently transferred to WebTIER. The Web TIER enhancement will also accelerate the availability of FY 2002 elimination data.

Methodology

As in prior years the Department will use a materiality threshold. This methodology establishes a reconciliation threshold based on the materiality of the agreement and on reconciliation differences. Component reporting entities will not be required to reconcile intra-Departmental discrepancies below the established threshold. **Discrepancies, which are, less than \$200,000 can be ignored for reconciliation purposes. However, the related balances are still subject to elimination and entities are encouraged to resolve the differences below the \$200,000 threshold. When the providing (provider of goods and/or services) and receiving entity (recipient of goods and/or services) cannot reach agreement on the amount subject to elimination the entities should contact AIC. It is generally assumed that the balances recorded by the performing entity are the most accurate.**

The TIER TEP (formerly BURELI) report is the primary source of information available to bureaus to reconcile intra-Departmental transactions. This report provides transaction elimination information by partner code and by reciprocal SGL balance pairings (e.g., Departmental Offices/U.S. Customs Service accounts receivable/accounts payable data.) The TEP report includes pairing differences. If a pairing difference is greater than \$200,000, it must be reconciled. The TEP also provides elimination data account series totals (asset vs. liability and revenue vs. expense), for providing and receiving entity balances and accompanying differences. The TEP can be run for an individual bureau or all Treasury entities. Please notify AIC if you believe that the logic of an SGL pairing needs to be changed. A summary of FY 2002 TEP report features are provided in the section titled Web TIER Elimination Reports.

The reconciliation of differences will basically remain unchanged. Entities will be required to follow Departmental reconciliation requirements included in this guidance.

For the June 30 dry run reconciliation, each entity will be required to provide AIC with an explanation for each difference greater than \$200,000 that is reflected in their TIER Period 9 TEP report. They will also inform AIC of actions that will be taken to correct errors so that they are resolved prior to September 30.

For the year-end reconciliation, the appropriate Accounting Officer or comparable official will be required to provide AIC with a certification stating that their final Period 14 TEP report accurately reflects their reconciled intra-Treasury SGL balances and that there are no differences that exceed the allowable \$200,000 threshold. Period 14 TEP reports will be the starting point for the year-end reconciliation (TIER Period 14 data that is submitted in October). Period 14 should be accessed for information exchange. The final TIER Period 14 is required to be submitted by November 4. **It should include all FY 2002 intra-Treasury accruals and charges including transactions with the WCF and BPD.** If Period 14 is unavailable for a particular partner, contact AIC for instructions.

A standard method of communicating information between component entities is critical to the timely preparation of elimination entries. Accordingly, each bureau/component entity has designated a **point of contact** to handle elimination issues (**Exhibit A**). This listing was updated in FY 2002 to reflect personnel changes. Periodic communication is strongly encouraged to minimize year-end reconciliation problems. This methodology will help to ensure that suborganizations provide account balance information to partner bureaus in a timely fashion.

Cutoff Dates

All suborganizations must comply with the established transaction cut-off dates. This practice will minimize reconciling items resulting from timing differences (i.e. suborganizations recording corresponding reciprocal SGL balances in different fiscal years.) Cutoff errors identified during the reconciliation procedure shall be investigated and corrected. The suborganization that did not record the transaction in accordance with the cutoff date must make an adjusting journal entry to correct the error. The idea of a cutoff date carries with it the likelihood of omission from the current year's transactions of items properly belonging there but relegated to the succeeding period (a situation tolerated even under rigorous methods of accounting). The effect on the financial statements should be minor because of the existence of a similar situation at the close of the preceding period.

Certain cost/revenue allocations and accruals may not be available by the cutoff date. Please note that the materiality concept applies to the providing and the receiving entity. **These items will be treated as exceptions to the cutoff date.** If the information is not available at the exchange date (**see section titled "Key Reconciliation Requirements/Instructions" below**), **the billing entity must notify both AIC and the transaction partner(s), at the exchange date**, that these unbilled amounts will be recorded as transactions occurring **before** September 30. Accordingly, all Treasury bureaus must notify their partners and provide documentation when they accrue a receivable balance that requires a reciprocal payable balance on their partner's behalf. This will ensure accurate reporting of TIER elimination balances. As soon as the information is available (prior to the due date for submission of Period 14 to the Department), the providing (billing) suborganization will immediately notify the receiving suborganization(s), so that both entities record the transaction(s) in the same reporting period. Otherwise, unbilled intra-Departmental amounts that were not recorded as of the cutoff date will be recorded as transactions that occurred after September 30 (Note: unbilled amounts will only be treated as an explained discrepancy for the **June 30** reconciliation. The providing entity only needs to inform the receiving entity of the related balances. No further action is required by either party.) **The Departmental Office's Working Capital Fund plans to issue the fourth quarter Transactions by Fund and Vendor Report by October 10, so that all trading partners will have the September 30 information for the TIER Period 14 final submission that is due on November 4.**

This policy, however, does not preclude audit adjustments (proposed for correction of errors, accruals, subsequent events, etc.) related to intra-Departmental SGL balances after the cutoff date. The suborganization that initiates the adjusting journal entry must immediately notify AIC and all affected transaction partner(s) so that they can make corresponding adjustments for the same period. All affected entities will be required to resubmit Period 14.

If a providing entity is unable to bill (notify the receiving entity)/record current fiscal year transactions until the next fiscal year, both the provider and receiver will record such transactions as prior period adjustments. If the amounts are less than the threshold of \$200,000, either party may elect to record the transactions as current year balances if they determine that it is more economically appropriate to do so.

The **cutoff date for the June 30 dry run reconciliation** is not the same as the fiscal year-end cutoff date in the sense that June 30 transaction partners are not striving to ensure that both sides are reporting transactions in the same fiscal year. Its only purpose is to allow for a stopping point so that the dry run process can be completed by July 31. Partners do not need to agree that both parties are consistently recording their transactions as of June 30. **The goal of the dry run is to expedite the fiscal year-end reconciliation.**

Quarterly Elimination Certification

The Department will continue to prepare quarterly financial statements (unaudited) in FY 2003. As you know, the TIER system produces an automated elimination report entitled Transactions by Elimination Pairs, (TEP). The TEP is accessible to entities for review and reconciliation on a monthly basis. This report contains data for reconciliation of intra-departmental discrepancies above \$200,000.

Accordingly, bureaus are encouraged to review TEP intra-departmental balances on a monthly basis and report findings to elimination partners. This monthly procedure will help to accelerate the reconciliation and certification of quarterly SGL elimination balances.

Quarterly intra-departmental reconciliations will be effective for the reporting period ending December 31, 2002. **The quarterly reconciliation procedure will replace the dry run.** More specifically, bureaus will provide AIC a quarterly reconciliation worksheet (Exhibit C) which provides an explanation of differences greater than \$200,000. An SGL elimination confirmation sheet (Exhibit D) will not be required for quarterly reconciliations. However, it must be submitted at year-end. The Departmental elimination guidance has been revised to clearly identify quarterly and year-end transaction cutoff and reconciliation dates. A summary of these dates is provided at Exhibit B.

Quarterly elimination certifications will be part of the FY 2003 financial statement certification procedure. A sentence will be added to the certification stating that all intra-departmental transaction differences greater than \$200,000 were reconciled. This new procedure will be effective for the reporting period ending December 31, 2002.

Key Reconciliation Requirements/Instructions

Reconciliations will be performed every quarter for the periods ending December 31, March 31, June 30 and September 30 – (reconciliation dates). These quarterly reconciliations will begin in FY 2003. The objective of the reconciliations is to reach agreement regarding SGL balances, which must be eliminated, in preparing the DCFS. Therefore, communication and teamwork are necessary throughout this process. The following are key reconciliation requirements/instructions:

Note: A summary of key reconciliation dates is provided at Exhibit B.

- **Transactions Subject to Elimination - All intra-Departmental SGL balances** within the defined reporting entity shall be identified and eliminated from the DCFS. This includes Treasury entity investments and related interest in Bureau of Public Debt securities. Historically, outside of BPD balances, **most** of the balances have been **related to reimbursable transactions**. Note: transactions with employees are not considered to be intra-Departmental e.g., income tax payments, travel advances, etc.
- **TEP Report - Timeline - Information Exchange Dates** – The TEP report is prepared using bureau TIER data. Accordingly, Treasury entities will be required to submit TIER Period 3 (December 31), Period 6 (March 31), Period 9 (June 30) and Period 14 (September 30 – year-end period) information in accordance with Departmental accelerated timelines (deadlines for submission will be the information exchange dates). The quarterly reconciliation of elimination data will occur in FY 2003 to ensure that Departmental quarterly financial statements are accurate and reliable. The current Departmental deadline date for submitting monthly TIER data is the 3rd business day after the prior months close. Treasury’s three-day close was effective on June 30, 2002. Accordingly, the FY 2003 TIER submission dates for the quarterly reconciliations will be the 3rd business day after the prior months close. See also “Confirmations” below. Compliance with these dates is necessary to ensure that TEP quarterly elimination balances are available to complete timely reconciliations.
- **Reconciliations** – Start by running the appropriate TIER TEP Report (Period 3,6,9 or 14). Reconcile discrepancies, greater than \$200,000, by contacting your partners and exchanging relevant information. **“No TIER Data”** will be displayed in the summary section of the TEP if a partner has not entered data into TIER (**contact AIC for instructions regarding entities that have not submitted TIER data**). AIC has developed **elimination entry worksheets** (Initial and Final) for use by Treasury entities to summarize and reconcile elimination activity (**Exhibit C**). Accordingly, **these formats must be used** to document reconciliations. It is important that all requested information be provided (TEP pairing number, applicable SGL accounts, partner, explanations/corrective actions, etc. **Upon completion, please forward final worksheets and Elimination SGL Balance Confirmations to AIC before October 25, 2002.** The SGL Elimination Balance Confirmation Sheet is provided at **Exhibit D**.
- No intra-Departmental **elimination entries** will be required on bureau books. Year-end elimination (I) SGL balances will automatically be processed for financial statements and notes prepared by CFOV. Bureaus should only make entries to their systems and revised submissions to TIER for errors, reclassifications and omissions.
- **Threshold** - Suborganizations **are not required** to reconcile intra-Departmental discrepancies (composed of individual transaction totals) between SGL account balances for amounts below the established **threshold of \$200,000**.

- **Transactions Recorded in Different Years** - If transaction partners are out of balance (greater than the preset tolerance) at year-end, because entries related to the same intra-Departmental event were recorded in different fiscal years, **adjustments are required to be made to the records of the entity that did not comply with the year-end intra-Departmental cutoff date.**

Adjustments are accounting transactions that give effect to the correction of an error, a writeoff, a provision for bad debts or depreciation, or the like. The adjusting journal entries in this circumstance would be related to the correction of an error. The effect of the adjustment would be to reverse the entry made in the wrong fiscal year and record it in the correct fiscal year. (Note: The cutoff date does not preclude audit adjustments. However, transaction partners must be notified of audit adjustments involving intra-Departmental transactions that would cause an out of balance condition greater than the preset tolerance.)
- **Certain Transactions with EOAF and Law Enforcement Bureaus** – AIC in conjunction with law enforcement bureaus and the OIG developed accounting policy guidance for Treasury Forfeiture Fund (TFF) revenue and related intra-Departmental transactions. TFF will continue to recognize revenue from the forfeiture of assets from the public as non-exchange revenue for both its own financial statements and for the Government-wide consolidated financial statements. The distributions of funds to Treasury bureaus from the Super Surplus or Secretary's Enforcement Fund will be recognized as transfers in by Treasury bureaus (proprietary accounting.) The Forfeiture Fund will recognize the transactions as transfers out. Treasury bureaus will record the transactions as reimbursements (budgetary accounting.) The Forfeiture Fund will record transactions as expended authority. The Forfeiture Fund will also provide bureaus with details of amounts that should be recognized. The TFF will recognize cost of services provided by other Treasury bureaus as expenses. Treasury bureaus that provide services to the Forfeiture Fund will recognize the corresponding revenue as exchange revenue.
- **Final Resolution** - After all reasonable reconciliation activities have been performed and a reconciliation difference still exists (greater than \$200,000) AIC will make a determination to resolve the issue. Both component entities will make any adjustments to their accounts (and to their financial statement line items) which are determined to be necessary. These adjustments should be reflected in the data submitted for TIER Period 14. If an adjustment cannot be made to TIER Period 14 because of an "eleventh hour" adjustment, it can be made at the summary level (a "top side adjustment.") Bureaus must notify AIC and provide documentation for proposed topside adjustments. Adjustments, which will be corrected in the next year by the normal flow of transactions, should be reversed. No adjustments need to be made after the point where the two partners agree within the preset tolerance (\$200,000).
- **Confirmations (Exhibit D)** – Confirmations are only required for year-end reporting. Upon completion of reconciliations and submission of the INITIAL TIER Period 14 on or before October 10, 2002, Bureau Accounting Officers (or a comparable entity official) must confirm to AIC that the resulting TEP and Federal Agency Eliminations Report (FAER -- listing of SGL balances with other Federal entities) reports accurately reflect reconciled information. The worksheets and confirmations must be received by AIC on or before October 25, 2002. **Confirmations are not required for the June 30 reconciliation. However, worksheets and explanations for**

differences must be submitted to AIC.

- **Audit** - Documentation such as **reconciliation worksheets** should be retained which adequately supports the reconciled balances and be available for audit examination.

FY 2002 Departmental Elimination Entities

The following list identifies Treasury TIER entities. This information will help to ensure that Treasury bureaus accurately identify trading partners. For instance, **the Financial Management Service (FMS) has established three entities, which potentially have reconciliation and elimination activity: FMS Salaries and Expenses, FMS Miscellaneous and Expenses and FMS OASIA. IRR relates to tax collection not administrative activity (IRS S&E). Accurate trading partner identification is critical to elimination reporting and streamlines the reconciliation process.**

The following information is also available in Web TIER. Access Reference Reports – Bureau Entity Codes

Treasury Entity	TIER Entity Code
Alcohol, Tobacco and Firearms	ATF – 2010
Comptroller of the Currency	OCC – 2017
Community Development Financial Institutions Fund	CDF – 2085
U.S. Customs Service	CS – 2006
D.C. Pensions Fund	DCP – 2081
Departmental Offices	DO – 2001
Exchange Stabilization Fund	ESF - 2041
Engraving and Printing	BEP – 2013
Federal Financing Bank	FFB – 2002
Federal Law Enforcement Training Center	FLE – 2003
Financial Crimes Enforcement Network	FIN – 2046
Financial Management Service	
• FMS – S&E	FMS – 2018
• FMS – Miscellaneous	FMD – 2020
• FMS – OASIA	OAS – 2098
Internal Revenue Service	
• IRS – Revenue (tax collections)	IRR – 2049
• IRS – S&E (partner for reimbursable activity)	IRS – 2009
U.S. Mint	MNT – 2016
Office of Inspector General	OIG -- 2082
Public Debt	
• BPD – S&E	BPA – 2005
• BPD – Debt (partner for GAS securities & loans)	BPD – 2004
• BPD – Franchise Fund (All Balances)	BPF – 2045
Secret Service	SS – 2014
Office of Thrift Supervision	OTS – 2019

Treasury Inspector General for Tax Administration	TIG – 2089
Treasury Forfeiture Fund (EOAF)	TFF – 2086

The following definitions are provided to clearly define select Treasury entities.

Treasury Entity	Definition
FMS – Miscellaneous - Code 2020	Custodial (e.g., Judgment Fund Payments)
IRS - IRR – Revenue - Code 2049	Non-Exchange Revenue (e.g., Individual Income Taxes)
BPD – Debt - Code - 2004	Federal Debt Activity (e.g., SGL accounts 1610 – 1613) as opposed to Public Debt Administrative functions.
BPF – Franchise Fund - Code 2045	All Treasury Franchise Fund activity.

Balances related to transactions with the General Fund of the Treasury should be coded in TIER as 9900F. Partner code 9900F is mainly used with custodial activity for the General Fund. Please refer to the section titled Balances Related to Transactions with the General Fund of the Treasury, later in this document. F attributes are not acceptable with Treasury entities and will result in a TIER fatal error.

If you are unsure of the proper trading partner identification or coding transactions as 9900F, please contact your transaction partner or the Office of Accounting and Internal Control. An updated listing of transaction partner contacts is provided (Exhibit A). Do not use code 99 for unidentified intragovernmental balances.

Web TIER Elimination Reports

The new Web TIER system provides users several reports to help reconcile intra and inter-agency transactions. These reports include the Bureau Intra-Agency Transaction by Elimination Pairs (**TEP**) report, the Bureau Federal Agency Eliminations Report (**FAER**), the Bureau Intra-Entity Eliminations Report (**IER**), the Fund Symbol Based Eliminations Report (**FSER**), the Abnormal Account Balances (**AAB**) Report and the Data Quality Abnormal Balance Report (DQABR).

TEP - provides key reconciliation information for the identified Treasury entity and the accompanying Departmental partner. More specifically, Treasury entity information includes the intra-Treasury (I) SGL balances that you have entered into TIER vs. reciprocal SGL balances entered by Departmental partners. **Differences in SGL reciprocal pairing** balances are also provided. **Unrequited balances** represent balances that partners have reported and for which your entity did not report any complimentary reciprocal SGL balances (100% difference). **No Match** pairings are listed for those SGLs that will not have a partner reciprocal balance. They must be fully explained. **The current reciprocal SGL account pairs are available from Web TIER at the following address:** <http://farsprod/pls/tierprod/tieradmin.tierlayout.framesett>. After accessing the system, please select eliminations and reciprocal pairs. **Accordingly, they are not listed in this document.**

FAER - provides a listing of inter-agency SGL balances reported to TIER. They represent SGL balances **related to transactions with Federal agencies outside of the Treasury reporting entity**. It must be consistent with the SGL balance confirmations provided to other agencies. This report is available in Web TIER under the address referenced for the TEP write-up.

IER - provides information related to intra-bureau balances (those “T” balances in TIER that is coded with your own bureau as the partner). **The balances must net to zero. If the balances do not net to zero then they must be investigated and necessary corrective action must be taken. Failure to net to zero will hinder both the preparation of the Departmentwide financial statements and FACTS reporting. Please note that a TIER fatal error will occur (periods 14 & 00) if these balances do not equal zero.** This report is also available in Web TIER under the address referenced for the TEP write-up.

FSER - provides a detailed listing of standard general ledger Federal “F”, intra-Departmental “T”, and Non Federal “N” balances. This report is particularly useful because it identifies SGL balances with specific intragovernmental trading partners (both F and I attributes).

AAB - provides SGL abnormal balance information. This report is particularly helpful in the reconciliation process because Federal, Intra-Departmental and Non-Federal abnormal balances are individually listed. The balances listed in the report are not necessarily incorrect. However, they are inconsistent with the U.S. Government Standard General Ledger Chart of Accounts. Therefore, they should be reviewed for propriety.

DQABR – complements the SGLCON by providing detailed abnormal balance information at a 1 and

3% threshold. Balances which exceed these thresholds are reported on the Three-Day Close Data Quality Scorecard. The SGLCON and DQABR reports are available in Web TIER under the address referenced for the TEP write-up. After accessing the system, please select the data load option.

Miscellaneous

Inter Agency Reconciliation Guidelines (Non Fiduciary Transactions)

These instructions provide general guidance regarding the reconciliation of inter-agency transactions. The Financial Management Service (FMS) is responsible for issuing government-wide inter-agency transaction reconciliation policies and procedures. Accordingly, FMS issued a final Federal Intragovernmental Transactions Accounting Policies Guide on September 28, 2001.

<http://www.fms.treas.gov/cfs/dev/index.html>. This guidance addresses several key topics including trading partner codes, reconciliation requirements and reporting policies and procedures.

Two information sources, the Web TIER Federal Agency Eliminations Report (FAER) and the FMS Federal Intragovernmental Transactions Contact List are available to assist bureaus in reconciling inter-agency transactions. The FAER report provides a detailed listing of bureau partner agency activity by SGL. This document also provides a summary of inter-agency SGL balance account totals by account series (e.g., 1000s, etc.) The point of contact's responsibility is to direct you to an accounting office within their organization for inter-agency transaction information and assistance. The Federal intragovernmental transaction contact list is available at the website referenced in the paragraph directly above.

The FMS Federal Intragovernmental Transactions Accounting Policies Guide includes accounting and reconciliation requirements for intragovernmental transactions. More specifically, the reconciliation procedure requires that agencies identify differences, locate information necessary to determine differences, quantify differences, record adjusting entries, document that adjusted amounts are reconciled/balances confirmed and ensure that confirmed balances are reported in FACTS 1. This guidance also provides instructions regarding year-end cutoff procedures and reporting policies.

Accordingly, bureaus are encouraged to use the FAER report in conjunction with FMS government-wide guidance to reconcile and eliminate interagency transactions. **FMS intends to provide agencies with a paired balance report similar to TEP on January 10, 2003 showing the balances reported by partner agencies. FMS expects explanations for differences. However, the report will only be at the Department level. The Department may contact bureaus to assist with explanations.**

AIC will be analyzing TIER Period 14 data that is the basis for information in the Required Supplementary Information (RSI) section of the Accountability Report. The Department will be contacting bureaus with regard to significant balances in the RSI that must be reconciled according to OMB requirements.

Treasury Judgement Fund Transactions

OMB has identified (ref. April 6, 1998 Memorandum from G. Edward DeSeve, former OMB Controller and form and content bulletin 01-09 dated September 25, 2001) certain inter-entity (between Federal agencies) transactions. It is important to note that recognizing Treasury Judgment Fund inter-entity imputed costs applies to FY 2002 financial statements. The applicable imputed financing TIER SGL Account is 5780. An imputed financing source is recognized to the extent that reimbursement is less than full cost. Imputed costs are recorded in TIER SGL Account 6730. The partner code used for both these SGL accounts should be FMS – Miscellaneous 2020. These transactions should be coded with an “T” attribute. **Note that SGL Accounts 5780 and 6730 should only have “F” or “T” balances.** Your entity must ensure that the balances in these accounts for partner code 2020I FMD agree with the amounts recorded by FMD as actual costs.

FMS is the primary source of information for Treasury Judgment Fund transactions. Accordingly, the FMS Judgment Fund Website (<http://www.fms.treas.gov/judgefund/>) will notify agencies of aggregate claims approved for final payment from this fund. Bureaus are encouraged to review amounts paid on their behalf on a regular (monthly) basis.

TEP No Matches

Certain SGL accounts have been designated in the TEP Report as No Matches. This is because the transaction partner will not have a corresponding reciprocal SGL account balance. No match SGL balances must be fully explained.

Interest Paid on Uninvested Funds, Treasury

Direct loans and loan guarantee financing accounts receive various payments, fees and make payments on defaults. When cash receipts exceed outlays or when an agency does not disburse all of its borrowings, these balances are held in Treasury and earn interest. The interest earned on the balances by Treasury entities (e.g., FFB, CDFI) must be eliminated because the Financial Management Service records an expense. Therefore, SGL balances related to these transactions must be covered in the reconciliation. They should also be coded in TIER as “T” balances by both FMS and the entity that earned the interest. **The entity that earned the interest should use FMS – Miscellaneous 2020 as the partner code: Government Account Series Investments, Bureau of Public Debt Loans and Governmentwide Reconciliations**

There are balances resulting from transactions between activities that Treasury performs on behalf of the federal government and activities associated with operations of the Department. These activities include transactions in government account series investments vs. activities associated with the reporting of the federal debt. It also includes related borrowing activity of Treasuries Federal Financing Bank and Community Development Financial Institutions vs loan activity managed on behalf of the federal government.

The Office of Management and Budget (OMB) researched transactions involving all of Treasury's activities and the related balances reported on the Department's financial statements. OMB's examination focused on whether these transactions should be eliminated in preparing Treasury's Department-wide consolidated financial statements. In a memorandum dated August 11, 1999, OMB concluded that certain additional balances that were not previously eliminated from Treasury's Department-wide financial statements should be eliminated. Accordingly, Treasury entities are required to provide Department-wide elimination balances for these activities when submitting annual financial statements.

Since reconciliation of these activities is covered in the Governmentwide guidance issued by FMS, reconciliation of those transactions should follow its **requirements (except that the reconciliations must be treated the same as any other intra-Departmental balances. The dates in Exhibit B are applicable rather than the dates listed in the FMS guidance)**. The related balances should be included for elimination on the Department's financial statements (entered on the spreadsheets, if applicable, and transmitted to TIER as "T" balances). **Worksheets and confirmations must be submitted to the Office of Accounting and Internal Control. Note that these balances are also included in the TEP Reports.**

It is extremely important that every Treasury entity follow the FMS guidance and record fiduciary transactions with the Department of Labor (DOL) and the Office of Personnel Management (OPM) in the correct SGL Accounts. Please visit the FACTS I website at <http://www.fms.treas.gov/cfs/dev/index.html> to obtain the latest guidance.

Balances Related to Transactions with the General Fund of the Treasury

Balances related to transactions with the General Fund of the Treasury are not considered to be intra-Treasury. These SGL balances (e.g., SGLs 1921, 2970, 2980, 5990, 5991, etc.) should be coded as F9900 (preferred code) as the transaction partner for FY 2002 TIER Period 14. F attributes are not acceptable with Treasury entities (Partner Code 20) and will result in a TIER fatal error.

Note: Payables and expenses related to the employer share of Federal Insurance Contribution Act Taxes (FICA) should be coded as **F9900** rather than F2800, Social Security Administration.

Updates

The Office of Accounting and Internal Control will periodically update this document.

DEPARTMENT OF THE TREASURY
DEPARTMENTAL ELIMINATION ENTRY POINTS OF CONTACT

The following individuals are designated points of contact regarding FY 2002 intra-Departmental transactions and elimination entries. Please note that FAX numbers and e-mail addresses are provided to enhance the exchange of information.

Bureau	Contact	Phone #	FAX #	E-Mail
ATF	Dennis Willard	(202) 927-7855	(202) 927-5992	DFWillard@atfhq.atf.treas.gov
BEP	Gwen Williams	(202) 874-2313	(202) 874-3456	Gwen.Williams@bep.treas.gov
BPA S&E	David Wetzel	(304) 480-7159	(304)480-7077	David.Wetzel@bpd.treas.gov
BPD – Investments	Jill Stalnaker	(304) 480-5302	(304) 480-5112	JStalnaker@bpd.treas.gov
BPD –Loans	Borrowings Team – Tom Sears	(304) 480-5118	(304) 480-5176	TSears@bpd.Treas.gov
BPF (Franchise)	Brian Huffman	(304) 480-7059	(304) 480-7076	BHuffman@bpd.treas.gov
CDFI	Lisa Pennington	(304) 480-7064	(304) 480-7076	Lpennington@bpd.treas.gov
CS	Darryl Halajian	(317) 298-1200 X3255	(317) 290-3258	Darryl.D.Halajian@customs.treas.gov
DCP	Lisa Pennington Peggy Grygiel	(304) 480-7064 (304) 480-7068	(304) 480-7076 Same	Lpennington@bpd.treas.gov Pgrygiel@bpd.treas.gov
DO	Cathy Chi	(202) 622-2615	(202) 622-2768	Cathy.Chi@do.treas.gov
FFB	Denise Woodruff	(202) 622-2470	(202) 622-2539	Denise.Woodruff@do.treas.gov
FinCen	Darryl Halajian	(317) 298-1200 X3255	(317) 290-3258	Darryl.D.Halajian@customs.treas.gov
FLETC	Jessie Bellapianta	(912) 267-2235	(912) 267-2217	JBellapi@fletc.treas.gov
FMS S&E	David Wetzel	(304) 480-7159	(304)480-7077	David.Wetzel@bpd.treas.gov
FMS –OASIA	Teresa Casswell	(202) 874-7487	(202) 874-8372	Teresa.Casswell@fms.treas.gov
FMS. Misc.	Jennifer Fitzmaurice	(202) 874-8257	(202) 874-8372	Jennifer.Fitzmaurice@fms.treas.gov
FMS. Misc.	Teresa Casswell (Backup)	(202) 874-7487	(202) 874-8372	Teresa.Casswell@fms.treas.gov
IRS S&E	Ruby Le Vally	(513) 263-5068	(513) 263-5020	Ruby.V.Levally@irs.gov
MNT	Jerry Laffey	(202) 354-7896	(202) 756-6055	Jerry.Laffey@usmint.treas.gov
OCC	Patricia Wolz	(202) 874-4541	(202) 874-5171	Patricia.Wolz@occ.treas.gov
OIG	Barbara Campbell	(303) 969-7780 X2409	(303) 969-7075	Barb_J_Campbell@NBC.GOV
OTS	Christos Passakos	(202) 906-7288	(202) 906-6303	Christos.Passakos@ots.treas.gov
TFF Forfeiture	Sonia Pratt	(202) 622-8351	(202) 622-9610	Sonia.Pratt@teoaf.treas.gov
TIGTA	Mike Murray	(202) 622-5998	(202) 622-8278	Mike.Murray@TIGTA.treas.gov
USSS	Hahn Tran	(202) 406-6383	(202) 406-5005	Htran@uss.s.treas.gov

EXHIBIT A

<u>SUMMARY OF KEY DATES</u>	
<u>Transaction Cutoff Dates</u>	
--Quarterly Reconciliation's	January 3, 2003, April 3, 2003, July 3, 2003 (Deadline date for TIER Period 3, 6, & 9 Submissions)
--Year-End Reconciliation	<u>October 3, 2002</u>
<u>Information Exchange Dates</u>	
--Quarterly Reconciliation's	<u>January 10, April 10, & July 10</u> – Begin Reconciliation by running a TEP Report for TIER Period 3, 6 & 9 (7 days after the required TIER deadline date for TIER Period 3, 6 & 9 Submissions)
--Year-End Reconciliation	<u>October 11</u> – Begin Reconciliation by running a TEP Report for TIER DRAFT Period 14 (FINAL PERIOD 14 is due by November 4).
<u>Worksheets and Confirmations to AIC</u>	October 25 - See Exhibit D.

EXHIBIT B

Reconciliation Worksheet Example – Based on Period 14 TEP (November Submission) **(or PERIOD 3, 6 or 9 TEP)**

Include Pairings Related to BPD Investments and Loans

Worksheet Reflects Agreed Upon Corrections/Adjustments with Partners

**At Year-End Corrections Must be Made to TIER Period 14
and reflected on Excel Spreadsheets (If Applicable)
Only list differences greater than \$200,000.**

This Format is Required

DEPARTMENT OF THE TREASURY RECONCILIATION OF TEP DEPARTMENTAL OFFICES				FOR THE PERIOD ENDING 09/30/2001			
	----- DEPARTMENTAL OFFICES -----			-----PARTNER-----			
	SGL	TEP		SGL	TEP		
TEP PAIRING No.	ACCOUNT(S)	BALANCE (\$)	PARTNER	ACCOUNT(S)	BALANCE (\$)	NOTE	DIFFERENCE
01	1310	5,000,000.00	TFF	2110	(4,000,000.00)	1	1,000,000.00
01	Unrequited		ATF	2110	(600,000.00)	2	(600,000.00)
01	Unrequited		FFB	2110	(300,000.00)	3	(300,000.00)
02							

NOTE: The TIER SGLRCP report provides a complete list of TEP pairing numbers.

Examples of Explanations – Cross-referenced to the Worksheets

This Format is Required

Note	Explanation for Period 13 Difference and Corrective Action Taken for Period 14
1	Partner Balance was incorrect. Partner will correct for Final Period 14 Submission. The agreed- upon partner balance is \$5,000,000.

2	DO did not record balance in November Period 14 Submission. DO will record in December Period 14 Submission. DO agree that the correct partner balance is \$600,000.
3	Partner incorrectly coded DO. The correct partner is USSS. Correct partner will be coded in December Period 14 Submission.

EXHIBIT C

Please run a Final Period 14 TEP and FAER Report before completing this Confirmation to ensure that Period 14 is consistent with the confirmation.

Confirmation - Elimination SGL Balances

We have completed a reconciliation of Intra-Departmental transactions with all Treasury entities for the fiscal year ended September 30, 20 ____ in accordance with Departmental *Guidelines for Reconciling and Reporting Intra-Departmental Transactions*. Based on that reconciliation, it is our intention to eliminate the balances from the financial statements, which we are submitting to the Department for consolidation in the Departmentwide financial statements. These balances are reflected in our Period 14 TIER submission. **Our Final TIER Period 14 submission (TEP Report) will document the following:**

1. That all SGL balances, which should be eliminated, have been properly coded with an "T" attribute.
2. That only balances which should be eliminated have been coded with the "T" attribute.
3. That the proper trading partner code is reflected for each SGL balance.
4. That there are no SGL pairing/unrequited balances differences greater than \$200,000 (excluding differences, which are allowed in the Government-wide elimination guidance).
5. That the SGL balances are the amounts agreed to with our trading partners to reconcile differences greater than \$200,000.
6. Imputed SGL balances in SGLs 5780 and 6730 related to the Treasury Judgment Fund transactions are in agreement with the actual costs incurred by FMS.
7. Explanations are attached for all "No Match" SGL balances.
8. SGL balances related to transactions with the General Fund have been properly coded with an "F" attribute and partner code 9900.

Our TIER Period 14 submission will also verify that the balances in TIER reflect 1 through 3 (above) for "F" SGL balances and that such balances are in compliance with Government-wide elimination guidance related to FACTS I including **Fiduciary transactions related to DOL (FECA) and OPM (Employee Benefits) (Attachment).**

If we adjust these balances in any way after the above dates we will notify AIC and all affected trading partners.

Chief Accounting Officer or comparable official:

Name: _____ **Bureau/Entity:**

Title:

Date:

FAX completed Confirmation, Attachment and Supporting Worksheets to AIC at (202) 622-2318.

Attn: Dan Waugh/Joe McAndrew.

EXHIBIT D (See Required Attachment on Next Page)

Confirmation Attachment

Balances Related to Governmentwide Fiduciary Transactions – Non-Treasury Partners

<u>Department of Labor (DOL) – FECA Balances</u>	
<u>SGL Account</u>	<u>Balance</u>
2215F (16) Other Post-Employment Benefits Due and Payable	
2225F (16) Unfunded FECA Liability	
6400F (16) Benefit Expense	
6850F (16) Employer Contributions to Employee Benefit Programs Not Requiring Current –Year Budget Authority (New Account for FY 2001)	
<u>These are the only SGL Accounts that can be used with DOL FECA Transactions – TIER Period 14 balances must be consistent with the amounts listed above</u>	

<u>Office of Personnel Management (OPM) – Employee Benefit Transactions</u>	
<u>SGL Account</u>	<u>Balance</u>
2213F (24) Employer Contributions and Payroll Taxes Payable (Provide total and amounts for each category listed)	
<i>Retirement</i>	
<i>Health Insurance</i>	
<i>Life Insurance</i>	
Total SGL 2213 (24)	
6400F (24) Benefit Expense (Provide total and amounts for each category listed)	
<i>Retirement</i>	
<i>Health Insurance</i>	
<i>Life Insurance</i>	
Total SGL 6400 (24)	
<u>These are the only SGL Accounts that can be used with OPM Employee Benefit Transactions - TIER Period 14 balances must be consistent with the amounts listed above</u>	

EXHIBIT D (Attachment)